



Unaudited Quarterly Financial Information

Manabi S.A.

September 30, 2014
with Independent auditor's report on review of quarterly
financial information

Manabi S.A.

Unaudited quarterly financial information

September 30, 2014

Contents

Independent auditor's report on review of quarterly financial information	1
Quarterly financial information	
Balance sheets	3
Unaudited statements of operations	4
Unaudited statements of comprehensive income	6
Unaudited statements of changes in equity	7
Unaudited statements of cash flows	8
Unaudited statements of value added	9
Notes to unaudited quarterly financial information	10



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A free translation from Portuguese into English of independent auditor's report on review of quarterly financial information

Independent auditor's report on review of quarterly financial information

The Shareholders, Board of Directors and Officers
Manabi S.A.
Rio de Janeiro - RJ

Introduction

We have reviewed the accompanying individual and consolidated quarterly financial information of Manabi S.A., contained in the quarterly financial information form (ITR) as of September 30, 2014, which comprises the balance sheet as of September 30, 2014 and the related statements of operations for the three and nine month period then ended, statements of comprehensive income, statement of changes in equity and cash flows for the three and nine months periods then ended, including explanatory notes.

Management is responsible for the preparation and presentation of the individual quarterly financial information in accordance with Accounting Pronouncement CPC 21(R1) – Interim Financial Information (“CPC 21 (R1)”), issued by the Brazilian Accounting Standards Board (CPC), and the consolidated quarterly financial information in accordance with CPC 21 (R1) and International Accounting Standard IAS 34 - Interim Financial Reporting (“IAS 34”), issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Interim Financial Information (ITR). Our responsibility is to express a conclusion on this quarterly financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, mainly to the professionals responsible for financial and accounting issues and the application of analytical and other review procedures. A review is significantly less in scope than an audit conducted in accordance with auditing standards and, accordingly, does not allow us to obtain assurance that we became aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion on the individual quarterly financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual quarterly financial information included in the quarterly information referred to above was not prepared, in all material aspects, in accordance with CPC 21 (R1) applicable to the preparation of Quarterly Financial Information (ITR) and presented consistently with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

Conclusion on the consolidated quarterly financial information


Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial information referred to above was not prepared, in all material aspects, in accordance with CPC 21 (R1) and IAS34 applicable to the preparation of Interim Financial Information (ITR), and presented consistently with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

Emphasis paragraph

As described in the Note 1, the Company and its subsidiaries will continue to develop business in the mining sector and the required investments to implement the business plan are significant. Currently, the Company has no cash generating activities or sufficient funds to implement its investment plan, depending on the shareholders' funds or third parties to implement the business plan. The recoverability of amounts recorded in noncurrent assets depends on the success of the future operations of the Company and its subsidiaries, and the lack of funds required for the implementation of the business plans could raise doubts as to the continuity of the Company and its subsidiaries. The quarterly information was prepared on the assumption that the business will continue as a going concern. Management's plans with respect to operating activities are described in Note 1. Our conclusion is not qualified in respect of this matter.

Rio de Janeiro, November 7th, 2014.

ERNST & YOUNG
Auditores Independentes S.S.
CRC - 2SP.015.199/O-6-F-RJ


Roberto Cesar Andrade dos Santos
Accountant CRC - 1RJ 093.771/O-9


Daniel de Araujo Peixoto
Accountant CRC - 1BA 025.348/O-9-S-RJ

Manabi S.A.

Balance sheets
September 30, 2014 (unaudited) and December 31, 2013
(In thousands of Reais)

	Note	Parent company		Consolidated	
		9/30/2014	12/31/2013	9/30/2014	12/31/2013
Assets					
Current assets					
Cash		16	44	18	44
Marketable securities	4	478,596	546,901	478,596	546,901
Recoverable taxes		6,818	8,954	6,818	8,954
Other		167	377	237	470
Total current assets		485,597	556,276	485,669	556,369
Non-current assets					
Advances for future capital increase	5	20,101	23,434	-	-
Investments	5	60,739	34,738	-	-
Property, plant and equipment	6	4,934	5,329	86,669	64,261
Intangible assets	7	779,047	739,778	779,047	739,778
Total non-current assets		864,821	803,279	865,716	804,039
Total assets		1,350,418	1,359,555	1,351,385	1,360,408
Liabilities and equity					
Current liabilities					
Trade accounts payable	10	3,827	5,378	4,661	6,120
Employee-related accruals		3,969	2,069	3,969	2,069
Tax liabilities		707	1,346	840	1,563
Provision for losses on investments	5	-	106	-	-
Other		150	360	150	360
Total current liabilities		8,653	9,259	9,620	10,112
Equity					
Capital stock	11	1,381,666	1,381,666	1,381,666	1,381,666
Capital reserve		1	1	1	1
Share-based payment reserve	9	24,848	17,136	24,848	17,136
Accumulated losses		(64,750)	(48,507)	(64,750)	(48,507)
Total equity		1,341,765	1,350,296	1,341,765	1,350,296
Total liabilities and equity		1,350,418	1,359,555	1,351,385	1,360,408

See accompanying notes

Manabi S.A.

Unaudited statements of operations

Nine month period ended September 30, 2014 and 2013

(In thousands of Reais, except for loss per share, in Reais)

	Note	Parent company		Consolidated	
		9/30/2014	9/30/2013	9/30/2014	9/30/2013
Operating expenses					
Personnel		(28,185)	(24,466)	(28,185)	(24,466)
Services rendered		(18,711)	(11,450)	(19,390)	(11,984)
General and administrative		(6,156)	(5,790)	(6,610)	(5,897)
Depreciation and amortization		(753)	(513)	(796)	(513)
Taxes		(216)	(369)	(234)	(609)
		<u>(54,021)</u>	<u>(42,588)</u>	<u>(55,215)</u>	<u>(43,469)</u>
Other operating expenses					
Equity results in subsidiaries	5	(1,193)	(891)	-	-
		<u>(1,193)</u>	<u>(891)</u>	<u>-</u>	<u>-</u>
Operating loss before financial results		<u>(55,214)</u>	<u>(43,479)</u>	<u>(55,215)</u>	<u>(43,469)</u>
Financial income and expenses					
Financial income	12	39,104	34,281	39,106	34,281
Financial expenses		(133)	(170)	(134)	(180)
		<u>38,971</u>	<u>34,111</u>	<u>38,972</u>	<u>34,101</u>
Loss before income tax and social contribution		<u>(16,243)</u>	<u>(9,368)</u>	<u>(16,243)</u>	<u>(9,368)</u>
Income tax and social contribution	8	-	-	-	-
Loss for the period		<u>(16,243)</u>	<u>(9,368)</u>	<u>(16,243)</u>	<u>(9,368)</u>
Loss per common share (basic and diluted)	11	(15.62)	(9.01)		
Loss per preferred share (basic and diluted)	11	(15.62)	(9.01)		

See accompanying notes

Manabi S.A.

Unaudited statements of operations
 Three month period ended September 30, 2014 and 2013
 (In thousands of Reais, except for loss per share, in Reais)

	Note	Parent company		Consolidated	
		7/1/2014 to 9/30/2014	7/1/2013 to 9/30/2013	7/1/2014 to 9/30/2014	7/1/2013 to 9/30/2013
Operating expenses					
Personnel		(9,210)	(9,058)	(9,210)	(9,058)
Services rendered		(4,292)	(4,166)	(4,583)	(4,308)
General and administrative		(1,811)	(2,177)	(1,994)	(2,219)
Depreciation and amortization		(256)	(230)	(271)	(230)
Taxes		(11)	(16)	(7)	(250)
		<u>(15,580)</u>	<u>(15,647)</u>	<u>(16,065)</u>	<u>(16,065)</u>
Other operating expenses					
Equity results in subsidiaries	5	(485)	(421)	-	-
		<u>(485)</u>	<u>(421)</u>	<u>-</u>	<u>-</u>
Operating loss before financial results		<u>(16,065)</u>	<u>(16,068)</u>	<u>(16,065)</u>	<u>(16,065)</u>
Financial income and expenses					
Financial income	12	13,143	12,499	13,143	12,499
Financial expenses		(33)	(80)	(33)	(83)
		<u>13,110</u>	<u>12,419</u>	<u>13,110</u>	<u>12,416</u>
Loss before income tax and social contribution		<u>(2,955)</u>	<u>(3,649)</u>	<u>(2,955)</u>	<u>(3,649)</u>
Income tax and social contribution	8	-	-	-	-
Loss for the period		<u>(2,955)</u>	<u>(3,649)</u>	<u>(2,955)</u>	<u>(3,649)</u>
Loss per common share (basic and diluted)	11	(2.84)	(3.51)		
Loss per preferred share (basic and diluted)	11	(2.84)	(3.51)		

See accompanying notes

Manabi S.A.

Unaudited statements of comprehensive income

Nine month period ended September 30, 2014 and 2013
(In thousands of Reais)

	Parent Company		Consolidated	
	9/30/2014	9/30/2013	9/30/2014	9/30/2013
Loss for the period	(16,243)	(9,368)	(16,243)	(9,368)
Other comprehensive income				
Comprehensive loss for the period	(16,243)	(9,368)	(16,243)	(9,368)

Three month period ended September 30, 2014 and 2013
(In thousands of Reais)

	Parent Company		Consolidated	
	7/1/2014 to 9/30/2014	7/1/2013 to 9/30/2013	7/1/2014 to 9/30/2014	7/1/2013 to 9/30/2013
Loss for the period	(2,955)	(3,649)	(2,955)	(3,649)
Other comprehensive income				
Comprehensive loss for the period	(2,955)	(3,649)	(2,955)	(3,649)

See accompanying notes

Manabi S.A.

Unaudited statements of changes in equity
 Nine month period ended September 30, 2014 and 2013
 (In thousands of Reais)

	Capital stock		Capital reserves			Total
	Subscribed	Equity issuance costs	Subscription warrant	Share-based payment reserve	Accumulated losses	
At December 31, 2012	1,418,130	(36,464)	1	8,238	(34,687)	1,355,218
Stock options	-	-	-	6,088	-	6,088
Loss for the period	-	-	-	-	(9,368)	(9,368)
At September 30, 2013	1,418,130	(36,464)	1	14,326	(44,055)	1,351,938
At December 31, 2013	1,418,130	(36,464)	1	17,136	(48,507)	1,350,296
Stock options (Note 9)	-	-	-	7,712	-	7,712
Loss for the period	-	-	-	-	(16,243)	(16,243)
At September 30, 2014	1,418,130	(36,464)	1	24,848	(64,750)	1,341,765

See accompanying notes

Manabi S.A.

Unaudited statements of cash flows Nine month period ended September 30, 2014 and 2013 (In thousands of Reais)

	Parent company		Consolidated	
	9/30/2014	9/30/2013	9/30/2014	9/30/2013
Cash flows from operating activities				
Loss for the period	(16,243)	(9,368)	(16,243)	(9,368)
Adjustments to reconcile the loss for the period to cash from operating activities				
Depreciation and amortization	753	513	796	513
Stock options	7,712	6,088	7,712	6,088
Marketable securities income	(38,607)	(33,126)	(38,607)	(33,126)
Equity results in subsidiaries	1,193	891	-	-
Changes in assets and liabilities				
Recoverable taxes	2,136	(2,241)	2,136	(2,241)
Other assets	209	98	233	(2)
Trade accounts payable	857	583	810	631
Employee-related accruals	(79)	690	(79)	690
Tax liabilities	(300)	(670)	(299)	(889)
Other liabilities	-	(326)	-	(32)
Net cash used in operating activities	(42,369)	(36,868)	(43,541)	(37,736)
Cash flows from investing activities				
Advances for future capital increase	(23,967)	(21,694)	-	-
Acquisition of marketable securities	-	(1,250)	-	(1,250)
Redemption of marketable securities	106,912	65,290	106,912	65,290
Acquisition of property, plant and equipment	(234)	(2,256)	(23,027)	(18,494)
Additions to intangible assets	(40,370)	(72,537)	(40,370)	(77,125)
Net cash from (used in) investing activities	42,341	(32,447)	43,515	(31,579)
Cash flows from financing activities				
Equity issuance costs	-	(2,147)	-	(2,147)
Net cash used in financing activities	-	(2,147)	-	(2,147)
Decrease in cash and cash equivalents	(28)	(71,462)	(26)	(71,462)
Cash and cash equivalents at the beginning of the period	44	71,487	44	71,487
Cash and cash equivalents at the end of the period	16	25	18	25

See accompanying notes

Manabi S.A.

Unaudited statements of added value (supplementary information for IFRS purposes)
 Nine month period ended September 30, 2014 and 2013
 (In thousands of Reais)

	Parent company		Consolidated	
	9/30/2014	9/30/2013	9/30/2014	9/30/2013
Inputs acquired from third parties				
Services rendered by third parties	(18,711)	(11,450)	(19,390)	(11,984)
Gross added value	(18,711)	(11,450)	(19,390)	(11,984)
Depreciation and amortization	(753)	(513)	(796)	(513)
Net added value	(19,464)	(11,963)	(20,186)	(12,497)
Transferred added value received				
Equity results and provision for losses on investments	(1,193)	(891)	-	-
Financial income	39,104	34,281	39,106	34,281
Total added value to be distributed	18,447	21,427	18,920	21,784
Distribution of added value				
Personnel				
Direct remuneration	17,000	14,428	17,000	14,428
Benefits	1,767	1,260	1,767	1,260
Accrued severance indemnity (FGTS)	654	647	654	647
Management fees	5,724	5,010	5,724	5,010
	25,145	21,345	25,145	21,345
General and administrative expenses	6,156	5,790	6,610	5,897
Tax				
Federal	3,040	3,231	3,040	3,459
Municipal	216	259	234	271
	3,256	3,490	3,274	3,730
Financial expenses	133	170	134	180
Loss for the period	(16,243)	(9,368)	(16,243)	(9,368)
Added value distributed	18,447	21,427	18,920	21,784

See accompanying notes

Manabi S.A.

Notes to unaudited quarterly financial information

September 30, 2014

(In thousands of Reais, except when otherwise indicated)

1. Operations

Manabi S.A. ("Manabi" or "Company") is a publicly-held company, with the corporate purpose of (i) exploration, development and negotiation of business opportunities in exploration, economic exploration, development, mining, extraction, production and sale of iron ore and other metal deposits; (ii) investment, equity interests and operation of assets and companies in the sectors of exploration of iron ore deposits and other metal deposits, including logistics, transportation, industrial facilities and other infrastructure related to such business opportunities, assets and companies; (iii) research, exploration, extraction, processing, manufacturing, transportation, export and trading of the mineral assets and products listed in item (i) above; and (iv) render geological services.

Manabi fully controls the companies Morro do Pilar Minerais S.A. ("MOPI"), Manabi Logística S.A. ("Manabi Log"), and Dutovias do Brasil S.A. ("Dutovias").

MOPI's business purpose is to: (a) research, explore, mine, process and transport mining goods and products; (b) render geological services; (c) render intermediation services related to the above described activities and subject; (d) hold equity interests in other companies, in Brazil or abroad; (e) lease vehicles, drills and equipment for drilling and mining; and (f) render drilling services for mining activities

Manabi Log's business purpose is to consolidate efficient port logistics for distribution of the iron ore production. Currently, Manabi Log is not operational and owns the area on which it intends to build its port terminal called Porto Norte Capixaba.

Dutovias' business purpose is to focus on the transportation of iron ore from MOPI project through the use of a slurry pipeline, still to be developed.

On August 22, 2014, Manabi secured a rail logistics option through the Vitória-Minas Railway ("EFVM") upon execution of an Investment Agreement and a Transportation Agreement with Vale S.A., as concessionaire in charge of operating the EFVM, which connects the States of Minas Gerais and Espírito Santo, where Manabi's Porto Norte Capixaba project is being developed.

The Investment Agreement sets forth the terms and conditions for development and implementation of a rail spur, of approximately 80km, connecting the EFVM to the area of the Port on the coast of Linhares, State of Espírito Santo, among other investments, subject to the applicable approvals and permits and in line with Resolution 3.694, issued on July 14, 2011 by the National Land Transportation Agency ("ANTT").

Manabi S.A.

Notes to unaudited quarterly financial information (Continued)

September 30, 2014

(In thousands of Reais, except when otherwise indicated)

1. Operations (Continued)

The Transportation Agreement sets forth the terms and conditions for transportation on the EFVM of up to 25 million tons of iron ore per year to the Porto Norte Capixaba, for a period of 20 years, subject to completion of the investments contemplated under the Investment Agreement and certain conditions precedent, also in accordance with Resolution 3.694 above.

The development and implementation of an integrated iron ore production and distribution project is capital intensive. In this context, Management believes that the funds held in cash are sufficient for the short term activities. Management continues to evaluate alternatives to raise additional funds that will enable this implementation.

The Company continues to invest primarily in (i) engineering, (ii) obtaining licenses required for operation, and (iii) logistics infrastructure.

2. Basis for preparation and presentation of quarterly information

The individual financial information has been prepared and is presented in accordance with CPC 21 (R1) - Interim Financial Statements, and applicable standards for quarterly information issued by the Brazilian Securities and Exchange Commission (*Comissão de Valores Mobiliários* - "CVM").

The consolidated financial information has been prepared in accordance with CPC 21 (R1) and international standard IAS 34 - Interim Financial Reporting, issued by the IASB, and applicable standards for interim information issued by the CVM.

The quarterly financial information should be read in conjunction with the financial statements as of December 31, 2013, which individual financial statements were prepared in accordance with accounting practices adopted in Brazil, including the provisions of the Brazilian Corporations' Law and accounting rules and procedures issued by the CVM and Accounting Pronouncements Committee and consolidated financial statements prepared in accordance with the International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board (IASB), and in accordance with accounting practices adopted in Brazil.

The Company's Management authorized the conclusion of the preparation of this quarterly financial information on November 7th, 2014.

Manabi S.A.

Notes to unaudited quarterly financial information (Continued)
September 30, 2014
(In thousands of Reais, except when otherwise indicated)

3. Accounting practices

The quarterly financial information is presented based on the same accounting policies described in Note 3 of the audited financial statements of December 31, 2013.

The new accounting pronouncements issued by the IASB, effective as of January 1, 2014, as described in the audited financial statements of December 31, 2013, did not affect the individual and consolidated quarterly financial information.

3.1. Accounting judgment, estimates and assumptions

The Company uses significant accounting judgments, estimates and assumptions to measure and recognize certain assets and liabilities in its financial statements. The determination of these estimates takes into account past and current events, assumptions relating to future events, as well as other objective and subjective factors.

Significant items subject to estimates, which were taken into consideration, or which will affect the Company after start-up, include: selection of the useful life of property, plant and equipment; the reserves estimate included used in determining depreciation based on the units of production method; the assessment of the recoverable amount of each cash generating unit; analyses of impairment of property, plant and equipment; among others. The settlement of transactions involving such estimates may result in amounts different from those recorded in the financial statements due to the uncertainties inherent to the determination process. The Company reviews its estimates and assumptions at least annually.

Manabi S.A.

Notes to unaudited quarterly financial information (Continued)

September 30, 2014

(In thousands of Reais, except when otherwise indicated)

4. Marketable securities

Security	Beginning	Maturity	Index	Parent company and consolidated			
				9/30/2014		12/31/2013	
				Number	Value	Number	Value
LFT	11/06/2012	9/07/2015	Selic	1,472	9,363	12,255	72,261
LFT	11/07/2012	9/07/2015	Selic	27,808	176,875	27,808	163,968
LFT	11/08/2012	9/07/2015	Selic	18,534	117,887	18,534	109,285
LFT	9/09/2013	9/07/2014	Selic	-	-	24,244	142,926
LFT	4/25/2014	9/07/2015	Selic	4,935	31,390	-	-
LFT	5/21/2014	9/07/2015	Selic	4,901	31,173	-	-
LFT	6/30/2014	9/07/2017	Selic	2,657	16,902	-	-
LFT	6/18/2014	9/07/2015	Selic	2,896	18,420	-	-
LFT	8/13/2014	9/01/2018	Selic	2,390	15,203	-	-
CDB	8/15/2014	8/12/2016	CDI	60,582	61,383	-	-
NTN-B	12/04/2012	8/15/2014	IPCA	-	-	4,000	9,743
NTN-B	12/04/2012	8/15/2014	IPCA	-	-	10,000	24,359
NTN-B	12/04/2012	8/15/2014	IPCA	-	-	10,000	24,359
				126,175	478,596	106,841	546,901

The government bonds indexed to the variation of the IPCA + spread (NTN-B) matured over the course of the quarter and the related funds were invested in Bank Deposit Certificate (CDB).

The government bonds with yields indexed to the Selic (LFT) and the CDB, with yield indexed to the variation of the CDI (Interbank Deposit Certificate), are allocated to the Company's exclusive investment fund. This fund has generated an average return of 100.2% of the CDI in the nine month period ended on September 30, 2014. The government bonds and the CDB have high liquidity, low credit risk, and can be sold at any time for use in the operations of the Company and its subsidiaries.

Manabi S.A.

Notes to unaudited quarterly financial information (Continued)
September 30, 2014
(In thousands of Reais, except when otherwise indicated)

5. Investments in subsidiaries (Parent company)

Changes in investments during the period are as follows:

	12/31/2013	Capital increase	Equity results	9/30/2014
Investments				
MOPI	6,344	1,300	(313)	7,331
Manabi Log	28,394	13,000	(718)	40,676
Dutovias	(106) ¹	13,000	(162)	12,732
	<u>34,632</u>	<u>27,300</u>	<u>(1,193)</u>	<u>60,739</u>

¹ This amount was previously shown within liability as provision for losses on investments.

The advances for future capital increase are remitted to the subsidiaries basically to support expenditures on engineering, environmental studies, research, registration, appraisal, negotiation and documentation of the project areas.

On September 30, 2014, the balance of funds remitted by the Company to its subsidiaries MOPI, Manabi Log, and Dutovias, totaled R\$317, R\$7,732 and R\$12,052 respectively, and the changes in the period is presented as follows:

<u>Advances for future capital increase</u>	<u>MOPI</u>	<u>LOG</u>	<u>Dutovias</u>
Balances as of 12/31/2013	1,274	12,567	9,593
Funds remitted	343	8,165	15,459
	<u>1,617</u>	<u>20,732</u>	<u>25,052</u>
Capital increases on 04/29/2014	(1,300)	(13,000)	(13,000)
Balances as of 09/30/2014 ¹	<u>317</u>	<u>7,732</u>	<u>12,052</u>

¹ The capitalization of these balances occurs within a period not greater than one year.

Other investment information

<u>September 30, 2014</u>	<u>MOPI</u>	<u>Manabi Log</u>	<u>Dutovias</u>
Total common shares	7,831,860	36,159,600	13,000,900
Company's interest	100%	100%	100%
Equity	7,331	40,675	12,732

Manabi S.A.

Notes to unaudited quarterly financial information (Continued)
September 30, 2014
(In thousands of Reais, except when otherwise indicated)

6. Property, plant and equipment

Parent company balances

	9/30/2014			12/31/2013		
	Cost	Depreciation	Net amount	Cost	Depreciation	Net amount
Buildings	285	(22)	263	285	(13)	272
Construction in progress	4	-	4	1,465	-	1,465
Machinery and equipment	1,745	(77)	1,668	119	(14)	105
Furniture and fixtures	1,259	(274)	985	1,233	(179)	1,054
IT equipment	812	(278)	534	752	(159)	593
Communication equipment	181	(69)	112	161	(43)	118
Leasehold improvements	2,217	(849)	1,368	2,217	(495)	1,722
	6,503	(1,569)	4,934	6,232	(903)	5,329

Changes in the Parent company in the period

	Depreciation rate	12/31/2013	Acquisitions	Transfers	Depreciation	9/30/2014
Buildings	4%	272	-	-	(9)	263
Construction in progress	-	1,465	4	(1,465)	-	4
Machinery and equipment	10%	105	161	1,465	(63)	1,668
Furniture and fixtures	10%	1,054	27	-	(95)	985
IT equipment	20%	593	59	-	(118)	534
Communication equipment	20%	118	20	-	(26)	112
Leasehold improvements	22%	1,722	-	-	(355)	1,368
		5,329	271	-	(666)	4,934

Consolidated balances

	9/30/2014			12/31/2013		
	Cost	Depreciation	Net amount	Cost	Depreciation	Net amount
Land	28,794	-	28,794	28,779	-	28,779
Buildings	285	(22)	263	285	(13)	272
Construction in progress	52,823	-	52,823	31,505	-	31,505
Machinery and equipment	1,745	(77)	1,668	119	(14)	105
Furniture and fixtures	1,322	(279)	1,043	1,253	(180)	1,073
IT equipment	821	(278)	543	752	(159)	593
Communication equipment	181	(69)	112	161	(43)	118
Leasehold improvements	2,318	(895)	1,423	2,319	(503)	1,816
	88,289	(1,620)	86,669	65,173	(912)	64,261

Manabi S.A.

Notes to unaudited quarterly financial information (Continued)

September 30, 2014

(In thousands of Reais, except when otherwise indicated)

6. Property, plant and equipment (Continued)

Changes in the consolidated balances in the period

	Depreciation rate	12/31/2013	Acquisitions	Transfers	Depreciation	9/30/2014
Land		28,779	15	-	-	28,794
Buildings	4%	272	-	-	(9)	263
Construction in progress		31,505	22,783	(1,465)	-	52,823
Machinery and equipment	10%	105	161	1,465	(63)	1,668
Furniture and fixtures	10%	1,073	69	-	(99)	1,043
IT equipment	20%	593	68	-	(118)	543
Communication equipment	20%	118	20	-	(26)	112
Leasehold improvements	22%	1,816	-	-	(393)	1,423
		<u>64,261</u>	<u>23,116</u>	<u>-</u>	<u>(708)</u>	<u>86,669</u>

Construction in progress (consolidated) includes expenditures with development of the port and pipeline projects related to: (i) environmental licensing, additional environmental and engineering studies, stakeholder management; (ii) basic engineering project; and (iii) licencing and negotiation of the pipeline's easement areas.

7. Intangible assets

Intangible assets include exploration expenditures with prospecting rights and mineral resources represented by 91 mining rights related to the MOPI and MOES projects, located in the State of Minas Gerais, of which 5 are in application for research stage, 68 in research permit stage, 9 in application for mining stage, 6 are qualifications in edicts of areas considered available by the DNPM (National Department of Mineral Production), and 3 relate to licensing requests.

The certification report for the MOPI project, issued on February 24, 2014, was conducted by one of the world's leaders in independent certification of mineral resources based on 449 drill holes, including an extension of 100 thousand linear meters, and certified 1.33 billion tons of measured and indicated (M&I) resources and 312 million tons of inferred resources. In addition, the report noted an additional exploration potential between 500 Mt and 1.200 Mt. This report was updated on May 23, 2014. Among the results of the additional works performed by SRK, the updated report showed a reduction in the mine's operating cost and in operating expenses (OPEX), in the investment (CAPEX) and in the environmental impact of the Pilar Hill Project, due to the revision of the mining plan, pursuant to the material fact issued on June 11, 2014.

Manabi S.A.

Notes to unaudited quarterly financial information (Continued)

September 30, 2014

(In thousands of Reais, except when otherwise indicated)

7. Intangible assets (Continued)

The MOES project's certification report, also prepared by the same external company in April 2012, included approximately 389 Mt in resources categorized as Inferred and additional exploration potential of 250 to 450 Mt.

The intangible assets were broken down as follows:

	Amortization rate	12/31/2013	Additions	Amortization	9/30/2014
Expenditures related to exploration and valuation of mineral resources and prospecting rights	-	192,183	34,120	-	226,303
Intangible assets acquired in business combination	-	546,868	-	-	546,868
Rail spur	-	-	5,224	-	5,224
Software	20%	727	66	(141)	652
		<u>739,778</u>	<u>39,410</u>	<u>(141)</u>	<u>779,047</u>

8. Income tax and social contribution

As of September 30, 2014, the Company's tax loss carryforward and negative social contribution basis amounted to R\$72,188 (R\$65,078 as of December 31, 2013), in relation to which Management opted not to record deferred tax assets in this stage of the project. Tax loss carryforwards generated in Brazil do not expire and are offset with future taxable profit, limited to 30% of the taxable profit in each year.

On May 14, 2014 Provisional Measure 627/2013 was converted into Law No. 12,973 which revokes the transitional tax regime established by Law 11,941 of 2009 and brings other relevant changes to federal tax legislation.

The Company's management performed studies and concluded that, due to the current phase of the project, this new Law has no impact on the financial statements and that early adoption of the Law in 2014 is unnecessary.

Manabi S.A.

Notes to unaudited quarterly financial information (Continued)

September 30, 2014

(In thousands of Reais, except when otherwise indicated)

9. Transactions with related parties

The Company is currently in the prospection phase and has no operational transactions with related parties.

Compensation of key management personnel

The Company considers all current officers and board members to be key management personnel. For the nine month period ended September 30, 2014, the compensation of these officers and board members was R\$4,373 and R\$1,351 respectively. These values do not include the amount of R\$2,158 related to share based payment (stock options) to the officers which was recorded in the statement of operations.

The annual fees of the officers and board members for the period from May 1, 2014 to April 30, 2015 in the aggregate amount of up to R\$ 7,062 and R\$ 3,240, respectively, were approved in the Annual General Meeting held on April 29, 2014.

Share based payment (stock options)

In the Annual Shareholders' Meeting held on July 21, 2011, the Company's shareholders approved a stock option plan for officers, members of the Board of Directors, and employees. The stock options issued by the Company under the plan are primary and, therefore, involve the issuance of new shares.

As at September 30, 2014, a total of 28,680 (twenty-eight thousand, six hundred and eighty) options had been granted, by means of individual agreements between the Company and each beneficiary. As a condition for entitlement to the stock purchase option, the beneficiary must complete three years of service (vesting period). These options, in the proportion of one third of the total number of shares available for the plan, are exercisable in three annual tranches. The first tranche can be exercised in 12 months from the grant date and the following tranches, pursuant to the same conditions, can be exercised in 24 and 36 months from the grant date. The participants have a maximum term of sixty months from the maturity date to exercise the options.

The exercise price of the options granted until August 20, 2012 is R\$1,576.00 (one thousand, five hundred and seventy six reais) per share and, after such date, R\$2,547.25 (two thousand, five hundred and forty-seven reais and twenty-five cents), which shall remain unchanged until the effective exercise date of the option, subject to adjustment in the event of share grouping or share split. As the Company has not paid dividends to date, the valuation of these options assumes no payment of dividends for the duration of the stock option program. Share-based compensation was measured and recognized at fair value, using the Merton (1973) model, which is an extension of the Black & Scholes model.

Manabi S.A.

Notes to unaudited quarterly financial information (Continued)

September 30, 2014

(In thousands of Reais, except when otherwise indicated)

9. Transactions with related parties (Continued)

Share based payment (stock options) (Continued)

The table below shows the result of the fair value measurement of the stock options at the date of this quarterly financial information:

Plan	Grant date	Initial maturity date	Vesting date	Number of shares	Annual volatility	Risk free rate	Dilution factor	Fair value options
2011.1	10/15/2011	10/15/2012	10/15/2017	4,550	40.41%	11.35%	99.41%	4,122
2011.1	10/15/2011	10/15/2013	10/15/2018	4,550	39.47%	11.35%	98.82%	4,387
2011.1	10/15/2011	10/15/2014	10/15/2019	4,550	38.95%	11.34%	98.23%	4,629
Amendments	01/02/2012	10/15/2012	10/15/2017	450	40.86%	11.00%	99.24%	398
Amendments	01/02/2012	10/15/2013	10/15/2018	450	39.58%	11.04%	98.33%	422
Amendments	01/02/2012	10/15/2014	10/15/2019	450	38.98%	11.06%	97.44%	446
2012.1	01/02/2012	10/15/2012	10/15/2017	400	40.86%	11.00%	99.24%	354
2012.1	01/02/2012	10/15/2013	10/15/2018	400	39.58%	11.04%	98.33%	375
2012.1	01/02/2012	10/15/2014	10/15/2019	250	38.98%	11.06%	97.44%	247
2012.2	01/02/2012	12/01/2012	12/01/2017	300	40.67%	10.99%	99.20%	267
2012.2	01/02/2012	12/01/2013	12/01/2018	300	39.51%	11.05%	98.30%	284
2012.2	01/02/2012	12/01/2014	12/01/2019	300	38.95%	11.06%	97.41%	299
2012.3	02/01/2012	01/15/2013	01/15/2018	1,000	40.55%	11.04%	99.08%	892
2012.3	02/01/2012	01/15/2014	01/15/2019	1,000	39.47%	11.19%	98.18%	951
2012.3	02/01/2012	01/15/2015	01/15/2020	1,000	38.80%	11.23%	97.29%	1,001
2012.4	01/13/2012	01/13/2013	01/13/2018	100	40.47%	11.23%	99.20%	90
2012.4	01/13/2012	01/13/2014	01/13/2019	100	39.41%	11.31%	98.28%	96
2012.4	01/13/2012	01/13/2015	01/13/2020	100	38.88%	11.32%	97.37%	101
2012.5	08/20/2012	08/20/2013	08/20/2018	180	39.99%	9.65%	99.05%	154
2012.5	08/20/2012	08/20/2014	08/20/2019	180	38.74%	9.78%	98.11%	164
2012.5	08/20/2012	08/20/2015	08/20/2020	180	38.05%	9.97%	97.19%	173
2012.6	11/19/2012	11/19/2013	11/19/2018	200	39.90%	9.06%	98.68%	270
2012.6	11/19/2012	11/19/2014	11/19/2019	200	38.72%	9.20%	97.97%	288
2012.6	11/19/2012	11/19/2015	11/19/2020	200	38.04%	9.39%	97.80%	307
2013.1	05/02/2013	05/02/2014	05/02/2019	780	39.96%	9.10%	98.54%	1,055
2013.1	05/02/2013	05/02/2015	05/02/2020	780	38.98%	9.24%	97.78%	1,126
2013.1	05/02/2013	05/02/2016	05/02/2021	780	38.13%	9.39%	97.68%	1,196
2013.2	07/01/2013	07/01/2014	07/01/2019	550	40.16%	11.23%	98.48%	793
2013.2	07/01/2013	07/01/2015	07/01/2020	550	39.05%	11.27%	97.68%	843
2013.2	07/01/2013	07/01/2016	07/01/2021	550	38.26%	11.31%	97.53%	893
2013.3	08/15/2013	08/15/2014	08/15/2019	250	40.00%	11.71%	98.44%	365
2013.3	08/15/2013	08/15/2015	08/15/2020	250	38.88%	11.77%	97.60%	388
2013.3	08/15/2013	08/15/2016	08/15/2021	250	38.00%	11.82%	97.40%	410
2013.4	10/01/2013	10/01/2014	10/01/2019	850	39.58%	11.73%	98.38%	1,235
2013.4	10/01/2013	10/01/2015	10/01/2020	850	38.81%	11.79%	97.46%	1,316
2013.4	10/01/2013	10/01/2016	10/01/2021	850	38.01%	11.84%	97.21%	1,393
Total 09/30/2014				28,680				31,730

Manabi S.A.

Notes to unaudited quarterly financial information (Continued)
September 30, 2014
(In thousands of Reais, except when otherwise indicated)

9. Transactions with related parties (Continued)

Share based payment (stock options) (Continued)

The effects of the stock options granted and outstanding recorded in equity and in the statement of operation are as follows:

Programs	2011	2012	2013	2014	2015	2016	Total
1 st	904	4,407	4,375	3,452			13,138
2 nd		1,241	1,146	705			3,092
3 rd		880	962	962	40		2,844
4 th		92	96	95	4		287
5 th		60	163	163	105		491
6 th		33	289	288	255		865
7 th			749	1,124	1,125	379	3,377
8 th			422	843	842	422	2,529
9 th			263	270	388	242	1,163
10 th			328	1,313	1,314	989	3,944
	904	6,713	8,793	9,215	4,073	2,032	31,730
Options expired ¹	35	586	105	63			
Recorded in statement of operations	939	7,299	8,898	7,712			
Accumulated amount recorded in equity	939	8,238	17,136	24,848			

¹ In accordance with accounting standards, the options expired due to failure to exercise the rights, previously recorded in statement of operation, are not subject to reversal.

In the event the beneficiary resigns from his position, the non-mature options expire without any indemnity or compensation and the mature options may be exercised within ninety days. To date, 880 (eight hundred and eighty) shares expired due to non-exercise of the option, corresponding to R\$789, amount measured in the moment that the options were granted and recognized in statement of operations and equity during the vesting period.

In the event the beneficiary's employment contract is terminated for cause, all rights expire automatically, regardless of notice or indemnification.

In the event the beneficiary is dismissed from his position without breach of duties and privileges, the specific rights that may be exercised in accordance with the relevant option on the date of issue may be exercised within the remaining exercise period available to such beneficiary.

Manabi S.A.

Notes to unaudited quarterly financial information (Continued)

September 30, 2014

(In thousands of Reais, except when otherwise indicated)

10. Trade accounts payable

	Parent company		Consolidated	
	9/30/2014	12/31/2013	9/30/2014	12/31/2013
Domestic	3,827	5,016	4,661	5,758
Foreign	-	362	-	362
	<u>3,827</u>	<u>5,378</u>	<u>4,661</u>	<u>6,120</u>

These balances refer mainly to consultant services, environmental studies, and development of conceptual engineering, with an average settlement period of 30 days that are not subject to charges.

11. Equity

Capital stock

As of September 30, 2014, the subscribed and paid-in capital is represented by 1,040,000 shares, of which 250,000 are registered common shares, 550,000 are preferred class "A" shares and 240,000 are preferred class "B" shares, of no par value, as detailed below:

Shareholders	Number of shares			Total	%
	Common	Preferred			
		Class "A"	Class "B"		
Fábrica Holding S.A.	150,000	3,000	320	153,320	14.74%
Ontario Teachers' Pension Plan	-	165,000	19,904	184,904	17.78%
Korea Investment Corporation	-	100,000	80,000	180,000	17.31%
EIG - Global Energy Partners	-	-	120,000	120,000	11.54%
Southeastern Asset Management	-	100,000	800	100,800	9.69%
Michael Stephen Vitton	50,000	11,000	360	61,360	5.90%
Mathew Todd Goldsmith	50,000	6,000	160	56,160	5.40%
Other	-	165,000	18,456	183,456	17.64%
	<u>250,000</u>	<u>550,000</u>	<u>240,000</u>	<u>1,040,000</u>	<u>100.00%</u>

The Company is authorized to increase its capital up to the additional limit of R\$3,000,000 upon decision of the Board of Directors regardless of amendment to the Bylaws, which shall establish the number and type of shares to be issued, the issue price, and the conditions for subscription, payment and issuance.

Manabi S.A.

Notes to unaudited quarterly financial information (Continued)
September 30, 2014
(In thousands of Reais, except when otherwise indicated)

11. Equity (Continued)

Capital stock (Continued)

Each common share entitles its holder to 1(one) vote in the Shareholders' Meetings, whereas each preferred share entitles its holder to the number of votes in Shareholders' Meetings based on the number of common shares into which each preferred share is convertible, as applicable, according and subject to the Shareholders' Agreement.

Capital reserves

Capital reserves are composed of subscription warrants and stock options granted.

On June 8, 2011, the Company issued subscription warrants to shareholders (i) Fábrica Holding S.A., (ii) Mathew Todd Goldsmith and (iii) Michael Stephen Vitton. These warrants entitle the holders to an option to subscribe a maximum of 44,854 common shares for R\$ 0.01 (one cent), in accordance with the terms and conditions set forth in the Subscription Warrant Certificate, as amended at the Special Shareholders' Meeting held on September 10, 2012, exercisable, in whole or in part, at the holder's discretion, upon occurrence of the events defined ("Execution Events").

Shareholder Fábrica Holding S.A. has the right to subscribe 60% of such shares the other two shareholders may subscribe 20% each.

The mentioned Execution Events had not occurred by September 30, 2014 and these events are outside the control of the option holders. Therefore, these options did not have any impact on the quarterly financial information.

Manabi S.A.

Notes to unaudited quarterly financial information (Continued)

September 30, 2014

(In thousands of Reais, except when otherwise indicated)

11. Equity (Continued)

Loss per share

The table below presents the results and share data used in determining the basic and dilutive loss per share:

	Three month period ended September 30, 2014			
	Common	Preferred		Total
		class "A"	class "B"	
Loss attributable to the equity holders	(710)	(1,563)	(682)	(2,955)
Number of outstanding shares	250,000	550,000	240,000	1,040,000
Loss per share - basic and diluted (*) in Reais	(2.84)	(2.84)	(2.84)	
	Three month period ended September 30, 2013			
	Common	Preferred		Total
		class "A"	class "B"	
Loss attributable to the equity holders	(877)	(1,930)	(842)	(3,649)
Number of outstanding shares	250,000	550,000	240,000	1,040,000
Loss per share - basic and diluted (*) in Reais	(3.51)	(3.51)	(3.51)	
	Nine month period ended September 30, 2014			
	Common	Preferred		Total
		class "A"	class "B"	
Loss attributable to the equity holders	(3,905)	(8,590)	(3,748)	(16,243)
Number of outstanding shares	250,000	550,000	240,000	1,040,000
Loss per share - basic and diluted (*) in Reais	(15.62)	(15.62)	(15.62)	
	Nine month period ended September 30, 2013			
	Common	Preferred		Total
		class "A"	class "B"	
Loss attributable to the equity holders	(2,252)	(4,954)	(2,162)	(9,368)
Number of outstanding shares	250,000	550,000	240,000	1,040,000
Loss per share - basic and diluted (*) in Reais	(9.01)	(9.01)	(9.01)	

(*) The loss in the period is antidilutive for the holders of stock options and subscription warrants.

Manabi S.A.

Notes to unaudited quarterly financial information (Continued)
September 30, 2014
(In thousands of Reais, except when otherwise indicated)

12. Financial income

	Consolidated Nine month period	
	9/30/2014	9/30/2013
Bank deposit certificates (CDBs)	1,260	449
Debentures with repurchase agreements	-	599
Government bonds	37,347	33,126
Other financial revenues	499	107
	<u>39,106</u>	<u>34,281</u>

13. Financial instruments

Financial assets as of September 30, 2014 are represented by cash, funds in bank accounts, and marketable securities, classified and measured at fair value through profit or loss.

Financial liabilities are represented by trade accounts payable, recorded at amortized cost. The average maturity period of trade accounts payable is 30 days and there are no relevant differences between carrying amounts and fair values.

The Company does not carry out hedge, swap or any other transactions that involve derivative financial instruments.

14. Insurance coverage

On July 4, 2014, the liability insurance for directors and officers was renewed in the insured amount of up to R\$50,000. The renewal was carried out with Itaú Seguros S.A., which kept the same coverage of the previous policy and granted more favorable commercial conditions to the Company.


Ricardo Antunes Carneiro
CEO


Antonio Borges Leal Castello Branco
CFO